

# **RTO West**

## **Transmission Planning Work Group Recommendations to the Regional Representative Group August 2, 2000**

- RTO Facilities
  - Open-Access Paths: From a planning perspective, RTO West only needs to be involved with those facilities that (1) it controls and offers service over or (2) that have the ability to affect the transfer capability of such facilities. There is not a planning reason to include non-Open-Access Paths in RTO West's tariff.
- RTO West's Planning Responsibilities

- Planning Process

RTO West will be responsible for planning for the RTO Grid. The nature of RTO West's planning responsibility for Local Facilities will depend upon the decision-making and cost recovery framework ultimately agreed to by the RRG.

Planning responsibility would include the following:

- Determining the capability of the RTO Grid and the location of bottle-necks;
  - Assessing the reliability of the RTO Grid;
  - Providing the information developed in (i) and (ii) to the market;
  - Identifying and evaluating alternatives upon the receipt of a request from the market (using a public process that takes into account non-transmission solutions and the impact of RTO Grid activities on non-RTO Facilities), and
  - Coordinating expansion activities.
- Possible Scenarios Regarding Cost-Recovery and Implications for Planning Structure (see Matrices Included in Briefing Paper for Full Spectrum of Scenarios)
  - RTO Grid

From a planning perspective, all expansion decisions should be left to the market through a Pure Market-Driven Expansion Mechanism with the exception of replacements solely for catastrophic and unexpected loss of facilities. The costs of the excepted replacements should be recovered through company rates.

The Planning Work Group believes that a Market-Driven Expansion Mechanism is appropriate given the fact that the RTO does not have an obligation to serve load, but is responsible for the security of the RTO Grid. Only facilities that have market support will be built, and everyone who pays for a replacement or an addition will receive a benefit. A Market-Driven Expansion Mechanism approach will not require as expansive of a process or as significant oversight from the RTO. That said, RTO West can maintain the security of the RTO Grid without replacements or additions.

The Planning Work Group recognizes that the RRG might decide that the RTO should “backstop” a Market-Driven Mechanism to maintain the RTO Grid’s transfer capability at a level that is sufficient to (i) satisfy “Day One” FTRs and/or (ii) “keep the lights on.” The RRG will receive more specific recommendations regarding this issue from the Joint Planning, Pricing, and Congestion Management Work Group, which will include a full discussion of the backstop issue (pros and cons).

The Planning Work Group also recognizes that the RRG might decide to have the RTO automatically construct replacements (at least with respect to Day One transfer capability) and, if this happens, irrespective of who pays, the Planning Work Group would recommend that alternatives for the replacements be considered in a process that compares the cost-effectiveness of non-transmission solutions, including buying back FTRs.

- Local Facilities

PTOs (after an open process that takes into account non-transmission solutions) should decide whether replacements or additions should be made and recover the cost of such replacements or additions through company rates. The RTO should only be involved in local planning to ensure that replacements and additions do not negatively impact the transfer capability of the RTO Grid and to coordinate seams issues and joint projects. There is no need for a RTO backstop to ensure the reliability of Local Facilities as that will be taken care of elsewhere (mandatory standards – pass through responsibility for fines).

- Mitigating the Impact of Interconnections on the RTO Grid

RTO West should require the owner of a new facility that is interconnecting with the RTO Grid to mitigate the impacts of its interconnection on the operational transfer capability of that particular segment of the RTO Grid. While the Planning Work Group is strongly behind this recommendation, they note that applying it in real-time could be difficult.

- Division of Planning Functions Between RTO West and PTOs

Currently, the work group does not have a recommendation regarding the choice between RTO Performs and RTO Coordinates. The relevant policy choice is whether to staff up the RTO so that it can assume a lead engineering role or whether the PTOs should be left with that responsibility. The pros and cons of either approach are set out above, and there is not agreement on which approach would be the most efficient. That said, of the two options identified, four work group members favor RTO Performs (BPA, Montana Power, BC Hydro, and PNGC) and two favor RTO Coordinates (Avista, Idaho Power). Several of the other work group members did not state a preference.